

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-05 CEA-01  
DOE-11 SOE-02 IO-13 /118 W  
-----020783 280832Z /14

R 280700Z DEC 77  
FM AMEMBASSY SINGAPORE  
TO SECSTATE WASHDC 9273  
AMEMBASSY KUALA LUMPUR  
INFO AMEMBASSY JAKARTA  
AMEMBASSY BANGKOK  
AMEMBASSY MANILA  
CINCPAC

LIMITED OFFICIAL USE SINGAPORE 5691

CINCPAC FOR POLAD

E.O. 11652: N/A  
TAGS: ECIN, PFOR, ASEAN, MY  
SUBJECT: RAZALEIGH ON THE OUTLOOK FOR MALAYSIA

1. BEGIN UNCLASSIFIED: FOLLOWING ARE EXCERPTS FROM "STRAITS TIMES"  
NEWSPAPER STORY OF DECEMBER 27 REPORTING ON SPEECH BY MALAYSIAN  
FINANCE MINISTER IN SINGAPORE: "THE MALAYSIAN FINANCE MINISTER,  
TENGKU RAZALEIGH HAMZAH, YESTERDAY TOOK TO TALK FOREIGN GROUPS AND  
INVESTORS WHO PRACTICED 'ONE-UPSMANSHIP.' HE ALSO WARNED THEM AGAINST  
ATTEMPTING TO BE 'CLEVER BY HALF.' TENGKU RAZALIEIGH SAID IT WAS  
UNFORTUNATE THAT THESE GROUPS DID NOT EVEN ATTEMPT TO UNDERSTAND THE  
SOCIAL-ECONOMIC PROBLEMS AND APPIRATIONS OF MALAYSIA. 'THEY ARE UN-  
FORTUNATELY UNKIND AND TEND TO BE CYNICAL, NOT REALIZING THAT THOUGH  
THIS KIND OF ATTITUDE MIGHT HELP SCORE A FEW DEBATING POINTS, THEIR  
NEGATIVE ATTITUDE COULD INDEED BECOME SERIOUSLY COUNTER-PRODUCTIVE  
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IN THE LONG TERM. THIS CRITICISM UNFORTUNATELY APPLIES NOT ONLY TO  
INDIVIDUAL INVESTORS BUT ALSO TO OTHER LARGER ENTITIES,' HE SAID  
TO A GATHERING OF THE HARVARD CLUB OF SINGAPORE AT THE SHANGRI-LA  
HOTEL. HE POINTED OUT THAT BUSINESSMEN, NATIONAL AGENCIES AND GOVERN-  
MENTS MUST NECESSARILY CONDUCT THEIR ECONOMIC RELATIONS WITH DECORUM  
AND DECENCY. THERE WAS NO POINT IN STEALING A MARCH OVER SOMEONE OR  
ENGAGING IN BACKDOOR DEALINGS IF THIS WOULD CAUSE UNHAPPY ECONOMIC  
RELATIONS. IT WOULD NOT BE CONDUCIVE TOWARDS THE MORE STABLE AND  
VIABLE  
ECONOMIC RELATIONS THAT WERE NECESSARY AND FOR WHICH THERE WAS NO

SUBSTITUTE IN THE LONGER TERM. HE WARNED THAT THE PRESENT INTERNATIONAL ECONOMIC CRISIS COULD LEAD TO AN INTERNATIONAL ECONOMIC CATASTROPHE BECAUSE OF THE CONSISTENTLY PAROCHIAL AND SHORTSIGHTED POLICIES ADOPTED BY MANY INDUSTRIAL SOCIETIES. THE PRESENT RISING TREND IN PROTECTIONISM MUST STOP. 'WE MUST BEGIN TO MOVE TOWARDS GREATER INTERNATIONAL TRADE LIBERALIZATION BEFORE IT IS TOO LATE, NOT ONLY FOR US BUT FOR THE WHOLE WORLD OF THE RICH AND THE POOR ALIKE,' HE SAID.

2. 'IT IS ERRONEOUS TO BLAME THE PRESENT CRISIS, AS SOME WESTERN OBSERVERS TEND TO DO, ON THE INCREASE IN OIL PRICES. 'ON THE CONTRARY, THE ECONOMIC CRISIS HAS BEEN BROUGHT ABOUT BY THE POLICIES PURSUED BY SOME INDUSTRIAL SOCIETIES THAT STILL REFUSE TO ACCEPT THE THIRD WORLD AND ITS RIGHTS AND POTENTIAL CONTRIBUTION TO INTERNATIONAL ECONOMIC EXPANSION AND WELL-BEING.' TENGKU RAZALEIGH SAID SMALL COUNTRIES LIKE MALAYSIA ALONE COULD NOT BE EXPECTED TO TAKE THE LEAD IN

TRADE LIBERALIZATION WHEN THE ECONOMIC GIANTS CHOSE TO CONTINUE WITH PAROCHIAL POLICIES. HE ADDED THAT IT APPEARED THAT THE INTERNATIONAL LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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SITUATION MIGHT HAVE TO GET WORSE BEFORE THESE SO-CALLED RICH COUNTRIES COULD BE PERSUADED TO MAKE THINGS BETTER FOR ALL. HE SAID IT WAS IMPORTANT FOR INVESTORS AND THOSE WITHIN ASEAN TO IDENTIFY AND CRYSTALLIZE THEIR OWN CONCEPTS OF WHAT COULD BE DEFINED AS THEIR OWN NATIONAL OUTLOOK. THIS WOULD ENABLE THE COUNTRIES TO APPRECIATE OTHER POINTS OF VIEW AND HELP STRENGTHEN UNDERSTANDING OF EACH OTHER'S SOCIO-ECONOMIC NEEDS AND ASPIRATIONS. TENGKU RAZALIEIGH STRESSED THAT THERE WAS NO SUCH THING AS 'A FREE AND UNFETTERED LAISSEZ FAIRE SYSTEM' IN THE WORLD. 'SOME OF THE MOST SOPHISTICATED COUNTRIES THAT HELD HIGH IDEALS OF THE FREE ENTERPRISE SYSTEM ARE INDEED SOME OF THOSE WITH THE GREATEST NUMBER OF LEGISLATIVE CONSTRAINTS AND SAFEGUARDS AGAINST THE EXPLOITATIVE EXTREMES THAT A PRIVATE ENTERPRISE CAN BRING TO SOCIETIES,' HE ADDED. REFERRING TO THE PETROLEUM NEGOTIATIONS, HE SAID IT WAS NECESSARY THAT ANY NEGOTIATIONS HAD TO BE TOUGH IF BOTH SIDES WERE DETERMINED TO STRIKE A FAIR BARGAIN. TENGKU RAZALIEIGH NOTED THAT MANY PETROLEUM COMPANIES THOUGHT THEY COULD RIDE ROUGHSHOD OVER SMALL DEVELOPING COUNTRIES WITH LITTLE OIL RESERVES AND WHICH HAD THE AUDACITY TO ASK FOR A FAIR DEAL FROM THE BIG OILMEN OF THE WORLD. 'THIS IS WHY WE ATTACH CONSIDERABLE IMPORTANCE TO ASEAN COOPERATION WHICH WE EXPECT TO BE CONDUCTED IN A BUSINESS-LIKE MANNER BUT YET WITHIN THE FRAMEWORK OF GOOD, FLIAL AND FAMILY RELATIONS;' HE SAID. NO ONE MEMBER OF A FAMILY CAN HOPE TO OUTDO THE OTHERS EVERY TIME. THERE IS BOUND TO BE SOME REACTION WITHIN THE FAMILY SOONER OR LATER WHICH CAN CAUSE FAMILY DISHARMONY. MORE IMPORTANTLY, FAMILY

DECORUM SHOULD BE OBSERVED SO THAT NO ONE COULD GET AWAY WITH THE IMPRESSION THAT HE HAD A RIGHT TO THE BIGGEST BITE AT THE DINNER TABLE JUST BY TRYING TO BE SMART IN BEATING THE OTHERS TO THE DINNER TABLE.' TENGKU RAZALEIGH URGED THAT THE CONCEPT OF ASEAN BE PURSUED NOT ONLY AT GOVERNMENT LEVEL BUT ALSO AT PRIVATE SECTOR LEVEL." END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE: THE PRESS ACCOUNT IS ACCURATE, BUT INCOMPLETE (EMBOFF HERE ATTENDED DINNER). IN ADDITION TO THE QUOTED LIMITED OFFICIAL USE  
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EXCERPTS, RAZALEIGH CASTIGATED THE "CALLOUS ATTITUDE" OF THE DEVELOPED COUNTRIES IN NEGOTIATIONS TOWARD A NEW INTERNATIONAL ECONOMIC ORDER WHICH, HE SAID, "WAS CLEAR AT THE RECENT UNCTAD TALKS WHERE SOME OF OUR SO-CALLED FRIENDS LET US DOWN SO BADLY."

4. IN HIS COMMENTS ON MALAYSIA'S ECONOMIC POLICIES, RAZALEIGH WAS RATHER DEFENSIVE, SAYING MALAYSIA DOES NOT WANT MAXIMUM ECONOMIC GROWTH AT THE EXPENSE OF HIGHER NATIONAL GOALS. THE LONG-TERM GOAL OF THE INDUSTRIAL COORDINATION ACT, HE SAID, IS STABLE, EQUITABLE ECONOMIC DEVELOPMENT. THE FALL IN NEW FOREIGN INVESTMENT AFTER ANNOUNCEMENT OF THE ICA, HE SAID, WAS DUE TO "VICIOUS PROPAGANDA" INSPIRED MAINLY BY THE OIL COMPANIES AND THEIR SYMPATHIZERS WHO FOUND MALAYSIA TO BE A TOUGH BARGAINER IN EARLIER TALKS WHICH LED TO THE PETROLEUM DEVELOPMENT ACT.

5. THE REAL STING IN RAZALEIGH'S SPEECH WAS BURIED AT THE END OF THE SINGAPORE PRESS ACCOUNT. DRAWING ON THE ANALOGY OF ASEAN AS A FAMILY, HE CASTIGATED SINGAPORE (WITHOUT MENTIONING IT BY NAME) AS THE FAMILY MEMBER ALWAYS TRYING TO OUTDO THE OTHERS. IT IS UNFORTUNATE, RAZALEIGH SAID, THAT PRESENT-DAY SCHOOL CHILDREN ARE BEING TAUGHT THAT NO PROBLEM IS INSOLUBLE. THEY BECOME ARROGANT, AND BECAUSE THEY HAVE LEARNED HOW TO SOLVE SMALL SCHOOLROOM PROBLEMS, THEY THINK THEY ALSO HAVE THE ANSWERS TO THE BIG ONES. DROPPING THE FAMILY ANALOGY, HE ADDED THAT EACH COUNTRY MUST HAVE ITS OWN NATIONAL IDENTITY AND WARNED HIS LISTENERS NOT TO TAKE MALAYSIA FOR GRANTED "JUST BECAUSE IT IS LESS AGGRESSIVE."

6. EMBASSY COMMENT: WE LEAVE IT TO EMBASSY KUALA LUMPUR TO ANALYZE THE SPEECH IN GREATER DETAIL, BUT RAZALEIGH'S ILL-DISGUISED JIBES AT SINGAPORE SEEM RATHER INAPPROPRIATE FOR HIS VENUE AND  
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AUDIENCE (ABOUT HALF SINGAPOREAN AND HALF EXPATRIATE). IT IS RATHER IRONIC THAT RAZALEIGH EXCUSED HIMSELF FROM A QUESTION AND-

ANSWER SESSION FOLLOWING THE ADDRESS BECAUSE HE HAD TO MEET THE  
FLIGHT OF THE SULTAN OF SELANGOR WHO, WE GATHER, WAS COMING  
INTO TOWN FOR A SHOPPING EXPEDITION.  
INGRAM

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## Message Attributes

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**Channel Indicators:** n/a  
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**Type:** TE  
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